

Office of the City Auditor

City of San Diego

Recommendation Follow-Up through March 12, 2010

Audit Committee Meeting, May 10, 2010



Purpose

- To provide semiannual updates as to the status of open recommendations
 - ♦ June 30th and December 31st Reports
- To offer an opportunity for the Audit Committee to review an initial report and recommend enhancements
 - ♦ March 12, 2010 Recommendation Follow-Up Report

Process

- Comptroller's Office coordinates the collection of audit responses from relevant departments/divisions
 - ♦ Maintain centralized database of all recommendations
- Comptroller provides weekly updates on implemented recommendations
- City Auditor conducts periodic review of implemented recommendations and assesses recommendation status based on sufficient and appropriate evidence

Scope and Classification

- 361 Open Recommendations for 42 Audit Projects
- Recommendation Classification:
 - ◆ Implemented
 - ◆ Partly Implemented
 - ◆ Not Implemented
 - ◆ Not Implemented – No Response (“NR”)*
 - ◆ Drop**

* Currently, the Comptroller’s Office is collecting responses for all recommendations.

** City Auditor will request the Audit Committee provide guidance on these recommendations.

Results

- City Management provided a status update for **120 of 361 (33%)** recommendations
 - The City Auditor's Office reviewed these 120 recommendations and an additional 18 recommendations in which the status was reported in a previous City Auditor's report to the Audit Committee for a total of 138.
- **89 of 138 (64%)** recommendations deemed Implemented based on supporting evidence

Results

	Under One Year	One to Two Years	Over Two Years	Total
Implemented	51	19	19	89 (25%)
Partly Implemented	13	8	1	22 (6%)
Not Implemented	11	5	3	19 (5%)
Not Implemented –No Response	146	70	7	223 (62%)
Drop	2	6	0	8 (2%)
Total	223 (62%)	108 (30%)	30 (8%)	361

Results

- 17 Recommendations highlighted for Audit Committee attention
 - ◆ Significant recommendations, disagreement with management, or action required.
- 8 Recommendations shown as Drop
 - ◆ Two types of Drop Recommendations:
 - ✦ 6 Recommendations not necessary due to changes in circumstances and
 - ✦ 2 Recommendations the City Management/Auditee chooses not to fully implement.
 - ◆ ISSUE: City Auditor does not retain authority to mandate implementation of recommendations.
 - ✦ Does the Committee want the Auditor's Office to continue following up on recommendations the City Management/Auditee choose to not fully implement?
 - ✦ What mechanisms can be encouraged to ensure recommendations become implemented?

Results

- Without the authority to mandate recommendation implementation, the City Auditor may carry disputed recommendations for years.
 - ◆ Two Recommendations where City Management/Auditee did not choose to implement and disagreed:
- 09-001 San Diego City Employees Retirement System
 - ◆ Recommendation #1: Amend board policy to include a ten year limitation on continuous service on contracts for actuarial valuation services.
 - ◆ SDCERS revised board policy to require a new Request for Proposal every five years and an independent audit of the actuary's services if the same actuary continues work for over five years. They do not provide for a ten year limit on continuous service.

Results

- **09-017 Park & Recreation Pool Audit**
 - ♦ Recommendation #13: Consider scheduling Supervising Recreation Specialists (SRSs) site visits for delivery and pick-up of documents to avoid a wasted trip.
 - ♦ Currently, multiple SRSs may travel to the same site regarding a community center and pool facility to collect and deliver paperwork. This practice appears inefficient and results in extra trips and wasted time.
 - ♦ Department disagreed with the recommendation and did not conduct any work to determine if there is a better way to accomplish the tasks more efficiently.

Future Enhancements

- City Management responses for all open recommendations regardless of Implementation Status – **In Progress**
- Aging of each recommendation and reporting based on the time recommendations remain open – **In Progress**
- Instituting a Priority System for new recommendations which highlights a suggested timeline for implementation
- Requiring City Management to provide an estimated date for implementation

Next Steps

- Meet with Comptroller's Office to identify improvements to the Recommendation Follow-Up Process
- Integrate Audit Committee enhancements for future reporting cycles
- Refine Current Process Narratives to include the Recommendation Follow-Up Process
- Next Report – Period ending June 30, 2010

Questions